



## Credit Suisse Industrials Conference

December 3, 2020

# Safe Harbor Statement

B&W Enterprises cautions that this presentation contains forward-looking statements, including, without limitation, statements relating to adjusted EBITDA and sales targets, expectations regarding future growth, expansion and profitability, as well as statements about B&W's future pipeline of new projects and business within its Renewable, Environmental and Thermal operating segments and their impact on future shareholder value. These forward-looking statements are based on management's current expectations and involve a number of risks and uncertainties, including, among other things, the impact of COVID-19 on us and the capital markets and global economic climate generally; our recognition of any asset impairments as a result of any decline in the value of our assets or our efforts to dispose of any assets in the future; our ability to obtain and maintain sufficient financing to provide liquidity to meet our business objectives, surety bonds, letters of credit and similar financing; our ability to comply with the requirements of, and to service the indebtedness under, our credit agreement as amended and restated (the "A&R" Credit Agreement"); our ability to obtain waivers of required pension contributions; the highly competitive nature of our businesses and our ability to win work, including identified project opportunities in our pipeline; general economic and business conditions, including changes in interest rates and currency exchange rates; cancellations of and adjustments to backlog and the resulting impact from using backlog as an indicator of future earnings; our ability to perform contracts on time and on budget, in accordance with the schedules and terms established by the applicable contracts with customers; failure by third-party subcontractors, partners or suppliers to perform their obligations on time and as specified; our ability to successfully resolve claims by vendors for goods and services provided and claims by customers for items under warranty; our ability to realize anticipated savings and operational benefits from our restructuring plans, and other cost-savings initiatives; our ability to successfully address productivity and schedule issues in our B&W Renewable and B&W Environmental segments, including the ability to complete our B&W Renewable's European EPC projects and B&W Environmental's U.S. loss projects within the expected time frame and the estimated costs; our ability to successfully partner with third parties to win and execute contracts within our B&W Environmental and B&W Renewable segments; changes in our effective tax rate and tax positions, including any limitation on our ability to use our net operating loss carryforwards and other tax assets; our ability to maintain operational support for our information systems against service outages and data corruption, as well as protection against cyber-based network security breaches and theft of data; our ability to protect our intellectual property and renew licenses to use intellectual property of third parties; our use of the percentage-of-completion method of accounting to recognize revenue over time; our ability to successfully manage research and development projects and costs, including our efforts to successfully develop and commercialize new technologies and products; the operating risks normally incident to our lines of business, including professional liability, product liability, warranty and other claims against us; changes in, or our failure or inability to comply with, laws and government regulations; actual or anticipated changes in governmental regulation, including trade and tariff policies; difficulties we may encounter in obtaining regulatory or other necessary permits or approvals; changes in, and liabilities relating to, existing or future environmental regulatory matters; changes in actuarial assumptions and market fluctuations that affect our net pension liabilities and income; potential violations of the Foreign Corrupt Practices Act; our ability to successfully compete with current and future competitors; the loss of key personnel and the continued availability of qualified personnel; our ability to negotiate and maintain good relationships with labor unions; changes in pension and medical expenses associated with our retirement benefit programs; social, political, competitive and economic situations in foreign countries where we do business or seek new business; the possibilities of war, other armed conflicts or terrorist attacks; the willingness of customers and suppliers to continue to do business with us on reasonable terms and conditions; our ability to successfully consummate strategic alternatives for non-core assets, if we determine to pursue them; and the other factors specified and set forth under "Risk Factors" in our periodic reports filed with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and our quarterly report on Form 10-Q for the quarter ended September 30, 2020. The Company cautions not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation, and the Company undertakes no obligation to update or revise any forward-looking statement, except to the extent required by applicable law.

## Non-GAAP Financial Measures

This presentation contains information regarding our adjusted EBITDA (including calculated on a pro forma basis to show the effect of certain changes in our operations and strategic focus going forward) and adjusted gross profit, which are non GAAP financial measures. Adjusted EBITDA on a consolidated basis is defined as the sum of the adjusted EBITDA for each of the segments, plus allocations to corporate and research and development costs. At a segment level, adjusted EBITDA is consistent with the way our chief operating decision maker reviews the results of operations and makes strategic decisions about the business and is calculated as earnings before interest, tax, depreciation and amortization adjusted for items such as gains or losses on asset sales, mark to market ("MTM") pension adjustments, restructuring and spin costs, impairments, losses on debt extinguishment, costs related to financial consulting required under the U.S. Revolving Credit Facility and other costs that may not be directly controllable by segment management and are not allocated to the segment. We present consolidated Adjusted EBITDA because we believe it is useful to investors to help facilitate comparisons of our ongoing, operating performance before corporate overhead and other expenses not attributable to the operating performance of our revenue generating segments. In this presentation, we also present certain targets for our adjusted EBITDA in the future; these targets are not intended as guidance regarding how we believe the business will perform. We are unable to reconcile these targets to their GAAP counterparts without unreasonable effort and expense due to the aspirational nature of these targets. This presentation also presents adjusted gross profit. We believe that adjusted gross profit by segment is useful to investors to help facilitate comparisons of the ongoing, operating performance by excluding expenses related to, among other things, activities related to the spin off, activities related to various restructuring activities we have undertaken, corporate overhead (such as SG&A expenses and research and development costs) and certain non-cash expenses such as intangible amortization and goodwill impairments.



Babcock & Wilcox has provided high-quality, innovative renewable, environmental and thermal technologies for critical power generation and industrial applications for more than 150 years.

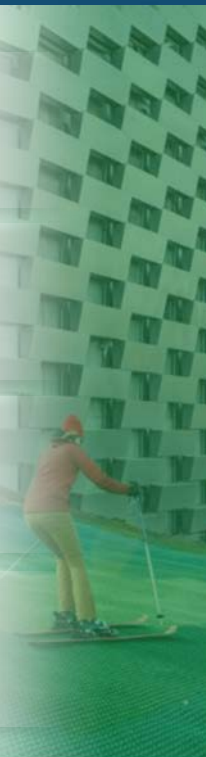
B&W is executing a robust growth strategy after:

- Recovering from losses related to several expanded-scope projects, returning to its core technology and delivery model
- Implementing \$119 million in cost savings initiatives, and
- Extending its credit facility for two years.

B&W's transformation is gaining momentum, with new branding and a global expansion in progress to pursue more than \$5 billion in identified project opportunities in high-growth markets over the next three years.

B&W is targeting:

- 2021 adjusted EBITDA of \$70-\$80 million
- 2022 adjusted EBITDA of \$95-\$105 million
- More than \$1.0 billion in annual sales by end of 2023



*Advancing energy and environmental solutions  
that bring power and progress to our world*



## B&W FOUNDATION DRIVES GROWTH STRATEGY



Advanced Technologies



High-Growth End Markets



Research & Innovation



Vast Installed Base



Global Brand Equity



### ***A Circular Economy***

For our economy and future generations, we continually develop ecologically sound ways of recycling valuable resources, like biomass and waste, to create clean, renewable energy.



### ***The Clear Choice for Our Climate***

As an industry leader in providing advanced air emissions control and energy recovery equipment and technologies, our engineered solutions are designed to reduce the environmental impact of industrial processes.



### ***Efficient. Safe. Reliable.***

From the initial patent for the water-tube safety boiler to the world's first supercritical boiler to technologies using the latest advanced steam cycles, our robust thermal energy designs deliver availability and long-term operation.

*The next generation Babcock & Wilcox is providing innovative environmental and renewable solutions, generating recurring revenues from a broad thermal installed base and expanding globally*



## Corporate Snapshot

**Headquarters:** Akron OH, USA

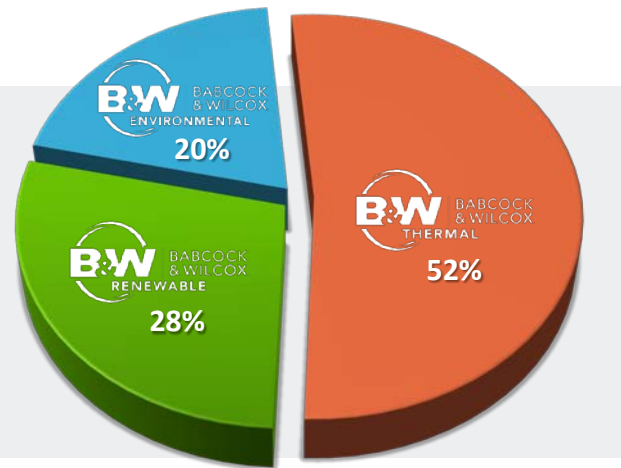
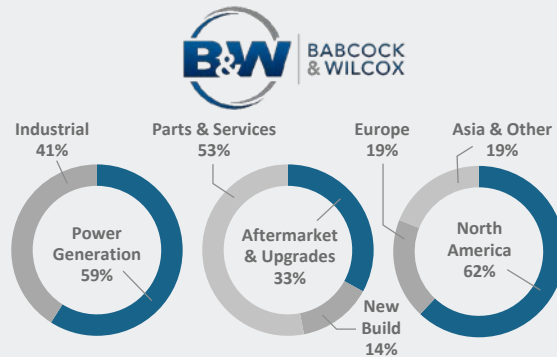
**Founded:** 1867

**Ownership:** Public (NYSE:BW)

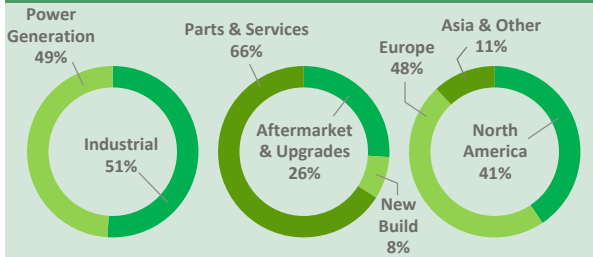
**LTM 2020 Revenue:** \$597M

**Employees:** ~2,400

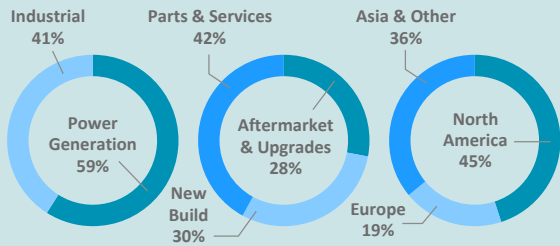
## Consolidated



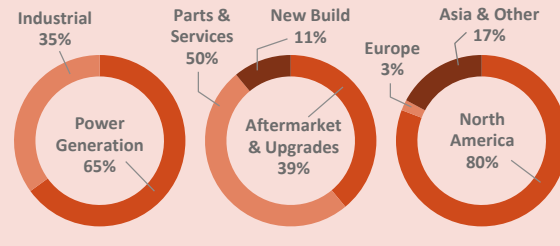
## B&W Renewable



## B&W Environmental



## B&W Thermal



Note: All charts based on LTM September 30, 2020, unless otherwise noted





# Consolidated Financial Summary & Pro-Forma LTM Adjusted EBITDA

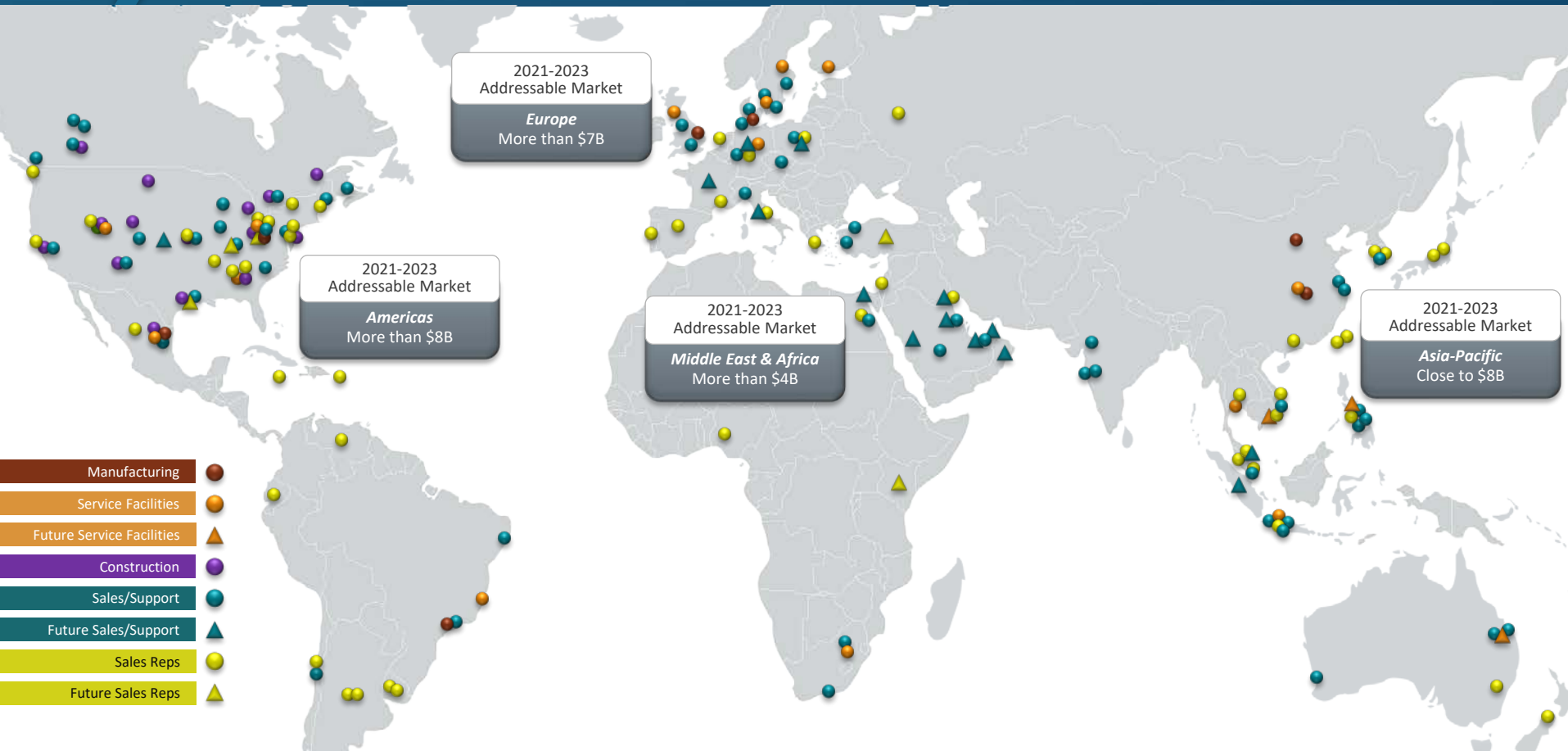
(\$ in Millions)	Twelve Months Ended September 30, 2020*	Twelve Months Ended December 31, 2019
Revenue	\$ 596.9	\$ 859.1
Adjusted Gross Profit	\$ 173.3	\$ 164.0
Adjusted Gross Profit Margin %	29.0%	19.1%
Operating Income (Loss)	\$ 6.1	\$ (29.4)
Adjusted EBITDA	\$ 47.1	\$ 33.3
Adjusted EBITDA Margin %	7.9%	3.9%

Note: Figures may not be clerically accurate due to rounding; see SEC financial filings and/or slides in Appendix for reconciliation of non-GAAP measures;  
LTM Q3 2020 results include the recognition in Q3 2020 of a \$26.0 million loss recovery settlement related to certain historical EPC loss contracts;  
COVID-19 adversely impacted all segments in the first nine months of 2020

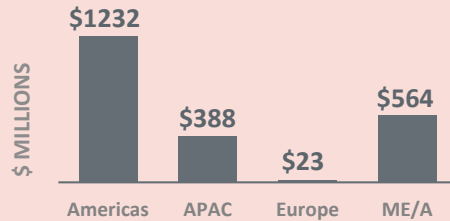
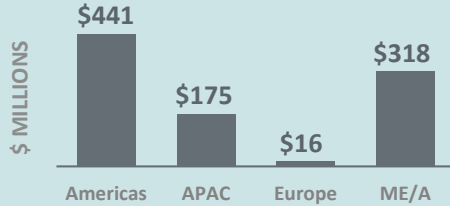
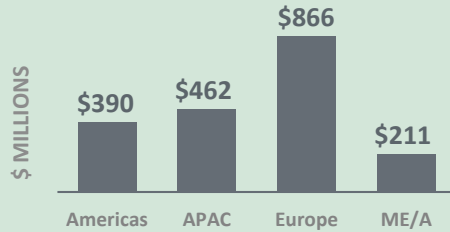
(\$ in Millions)	Twelve Months Ended September 30, 2020 <sup>(3)</sup>
Adjusted EBITDA as Reported	\$ 47.1
<u>Pro Forma Adjustments:</u>	
Losses from Asset Held for Sale	1.4
Vølund EPC Contract Losses <sup>(1)</sup>	3.5
SPIG U.S. Losses <sup>(2)</sup>	3.2
Annualization of Cost Savings	13.7
Total Pro Forma Adjustments	\$ 21.8
Adjusted EBITDA Pro Forma	\$ 68.9

Notes: Figures may not be clerically accurate due to rounding; see SEC financial filings and/or slides in Appendix for reconciliation of non-GAAP measures; LTM Q3 2020 results include the recognition in Q3 2020 of a \$26.0 million loss recovery settlement related to certain historical EPC loss contracts  
(1) B&W Vølund is no longer bidding EPC scope  
(2) SPIG U.S. has been closed  
(3) No pro-forma adjustments have been made related to the adverse impacts of COVID-19 in 2020

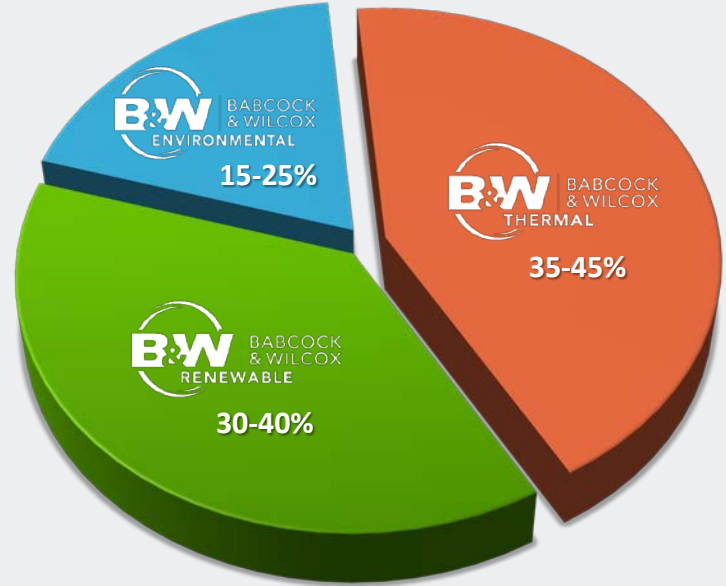
*Pro-forma LTM adjusted EBITDA of \$68.9M illustrated by adjusting for the legacy impacts of abandoned business models and the annualization of fully-implemented portions of cost saving initiatives*



# 3-Year Pipeline



Target 2023: >\$1 billion sales



*Total pipeline greater than \$5B over the next 3 years excluding short lead-time parts & services; ~60% outside the Americas*





# Appendix

# Ongoing Transformation

*Key strategic actions have returned the company to positive performance and positioned it for growth*

	ACTION	ACHIEVED	ONGOING
<b>November 2018</b>	New Senior Management Team led by Kenny Young	✓	
<b>April 2019</b>	Settlement Negotiated for Remaining Loss Contracts; Additional Financing Obtained	✓	
<b>May 2019</b>	EPC Loss Contracts Turned Over to Customers (5 of 6 Turned Over; Turnover Not Applicable for Last Project Under Settlement Terms)	✓	
<b>June 2019</b>	Sale of Non-Strategic Asset (Loibl)	✓	
<b>July 2019</b>	Deleveraging Event: Rights Offering	✓	
<b>July 2019</b>	Deleveraging Event: Debt Conversion	✓	
<b>March 2020</b>	Implementation of initial ~\$119M in Cost Reductions Complete; Further Savings Initiatives Under Development	✓	✓
<b>May 2020</b>	Extended Credit Facility for Two Years with Further Reductions Through End of 2020	✓	
<b>August 2020</b>	Strategic Organizational and Global Branding Initiative Launched	✓	✓
<b>August 2020</b>	Board Transition to Align with Market-Focused Initiatives Complete	✓	
<b>Ongoing</b>	Pursuing Recoveries From Historical EPC Loss Project; \$9.1M Insurance Proceeds Received in Q3 2019; \$26M Insurance Loss Recovery Recognized in Q3 2020, Proceeds Received October 2020; Pursuing Further Recoveries from Subcontractors		✓
<b>Ongoing</b>	Expanding Sales, Service and Business Development Teams Globally		✓
<b>Ongoing</b>	Preparing for 2022 Debt Refinance and Targeting 2021 adjusted EBITDA of \$70-\$80 million, 2022 adjusted EBITDA of \$95-\$105 million and more than \$1.0 billion in annual sales by end of 2023 <sup>(1)</sup>		✓

## Focus on Strengths

- Focus on core products and services for environmental, renewable and thermal markets
- Increase emphasis on retrofit and aftermarket services
- Focus on quality, high margin projects rather than revenues
- Leverage a vast installed base and robust pipeline
- Return the renewable business to its historically profitable business model, providing core technologies and services, with no EPC scope
- Expand sales, service and business development teams internationally

## Financial Credibility & Profitability

(1) Targets based on current visibility regarding COVID-19 impacts; it is not possible to fully predict the impacts of COVID-19

# Adjusted EBITDA Reconciliation

	Twelve months ended December 31, 2019	Twelve months ended September 30, 2020
\$ in Millions		
<b>Loss before income tax (benefit) expense</b>	<b>\$ (124.4)</b>	<b>\$ (10.4)</b>
Interest expense, net	94.0	76.7
Depreciation & amortization	23.6	16.8
Foreign exchange	16.6	(33.5)
Advisory fees for settlement costs and liquidity planning	11.8	9.6
Restructuring activities	11.7	8.8
Financial advisory services	9.1	3.9
Settlement cost to exit Vølund contract	6.6	-
Loss on debt extinguishment	4.0	6.2
Loss on sale of business	3.6	0.1
Stock compensation	3.4	4.4
Litigation legal costs	0.5	1.8
Income (loss) from business held for sale	-	0.4
Other – net	(0.3)	3.0
Gain (losses) on asset disposals, net	(3.9)	(4.6)
MTM gain (loss) from benefit plans	(8.8)	(10.1)
Net pension benefit before MTM	(14.0)	(25.9)
<b>Adjusted EBITDA</b>	<b>\$ 33.3</b>	<b>\$ 47.1</b>

Notes:

1. In March 2019, we entered into a settlement in connection with an additional B&W Renewable waste-to-energy EPC contract, for which notice to proceed was not given and the contract was not started. The settlement eliminated our obligations to act, and our risk related to acting, as the prime EPC should the project have moved forward.
2. Figures may not be clerically accurate due to rounding.

# Gross Profit Reconciliation

\$ in Millions	Twelve months ended December 31, 2019	Twelve months ended September 30, 2020
<b>Adjusted gross profit</b>		
<b>Operating (loss) income</b>	<b>\$ (29.4)</b>	<b>\$ 6.1</b>
Selling, general and administrative expenses	150.6	138.1
Advisory and settlement costs	27.9	15.2
Amortization expense	4.3	5.1
Restructuring activities	11.7	8.8
Research and development costs	2.9	4.5
Gains (losses) on asset disposals, net	(3.9)	(4.6)
<b>Adjusted gross profit</b>	<b>\$ 164.0</b>	<b>\$ 173.3</b>
Adjusted gross profit by segment is as follows:		
	Twelve months ended December 31, 2019	Twelve months ended September 30, 2020
<b>Adjusted gross profit</b>		
B&W Renewable segment	\$ 30.7	\$ 59.9
B&W Environmental segment	41.9	23.7
B&W Thermal segment	91.4	89.7
<b>Adjusted gross profit</b>	<b>\$ 164.0</b>	<b>\$ 173.3</b>

Notes:

1. Amortization is not allocated to the segments' adjusted gross profit, but depreciation is allocated to the segments' adjusted gross profit.

2. Figures may not be clerically accurate due to rounding.

# Capital Structure

(\$ in Millions)

As of Sep 30, 2020

## Debt:

Revolving Credit Facility – Funded <sup>(1)</sup> 181.9

Last-Out Term Loans <sup>(2)</sup> 173.3

**Total Debt \$355.2**

Unrestricted Cash 38.9

**Net Debt \$316.3**

## Revolver Leverage:

Net Leverage 3.0x

Funded revolver less unrestricted cash compared to Q3 2020 LTM EBITDA

Pro-Forma Net Leverage 2.1x

Funded revolver less unrestricted cash compared to Pro Forma Q3 2020 LTM EBITDA

## Total Debt Leverage:

Net Leverage 6.7x

Net debt compared to Q3 2020 LTM EBITDA

Pro-Forma Net Leverage 4.6x

Net debt compared to Pro Forma Q3 2020 LTM EBITDA

Note: Figures may not be clerically accurate due to rounding; see SEC financial filings and/or slides in Appendix for reconciliation of non-GAAP measures; LTM Q3 2020 results include the recognition in Q3 2020 of a \$26.0 million loss recovery settlement related to certain historical EPC loss contracts

[1] Interest rate 7.53% (Base + LIBOR). Facility matures June 30, 2022. Interest payments deferred from 5/14/2020 to 8/31/2020; payable in 6 monthly installments starting end of January 2021; B. Riley Financial, Inc. committed to provide \$35 million of incremental last-out term loans through the maturity date, which will amortize the facility through reductions in facility commitments over time

[2] Interest rate 12.00%, no PIK. Matures December 30, 2022. Interest from 5/14/2020 to 12/31/2020 payable in BW shares using 15-Day VWAP (\$2.2774/share) following closing